

PRIVATE CONTRACTORS ASSOCIATION INFLUENTIAL IN SLOVAK HOUSING SECTOR

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In the early 1990s, the housing sector in what was then the Czech and Slovak Federal Republic began to emerge from an era when virtually all housing production and real estate development was in the hands of large, state-owned enterprises (SOEs). Deprived of their earlier massive government subsidies, new housing production by the SOEs fell far behind demand. At the same time, small, private contractors, lacking experience with most Western techniques in managing housing development, and unfamiliar with much of the cost-effective construction technology available on the world market, were severely handicapped and facing challenges that threatened their survival. To remedy this situation and to facilitate development of a strong private building sector, USAID offered seed support for the creation of the Private Construction Contractors Association of Slovakia (PCCAS).

For a new association, the PCCAS has made tremendous strides in gaining the attention of national-level policy-makers, and in influencing legislative change in the Slovakian housing sector. The Association's members are all private entrepreneurs, representing private sector builders, remodelers, and construction contractors, and the PCCAS serves as a counterweight to the Association of Construction Entrepreneurs of Slovakia, whose membership is overwhelmingly comprised of large, state-owned construction enterprises, which have dominated the Slovak construction industry for several decades.

Since its inception only two-and-a-half years ago, USAID has supported the PCCAS through PADCO's Private Housing Development contract. PADCO and its subcontractor, Steven Winter Associates, have provided technical assistance to the PCCAS in association development and management and training in housing development. They also have helped establish a clearinghouse through which information on new technologies, building materials, and potential international business opportunities is made available to members.

This assistance has enabled the PCCAS to become a strong democratic organization, with plans for achieving financial self-sufficiency by the end of 1996. Managed by full-time Executive Director, Michal Mataš, who works in close coordination with the PCCAS Board of Directors, the Association proudly boasts a membership of nearly 150 firms, a staff of six in the main Bratislava office, and two regional offices, in Žilina and Prievidza. A third regional office is expected to begin operation later this year in Prešov. In addition to providing benefits to its members, the PCCAS' success is in part a reflection of its well-balanced Board, which represents all major regions of the country — each with differing construction styles and politics.

Since its founding, the Association has developed its charter and mission statement, compiled a membership directory, and published a regular newsletter. The PCCAS is also implementing a strategy to further expand membership, and has developed a marketing manual that outlines means through which private firms can expand their market base.

Perhaps the key source of the PCCAS' success, however, is in having achieved significant respect and attention among politicians, legislators, and other lobbying groups. Within a few months, the PCCAS went from being a listener on the sidelines to a full-fledged player, enabling the Association to influence legislation and policies that affect the construction sector. By continually making new contacts and networking with existing contacts, the Association does a remarkably thorough and effective job working with significant government groups. Its leaders conduct regular meetings with extremely influential individuals, including monthly meetings with Slovak Prime Minister Meciar and ministers of five key government agencies. Staff and members of the PCCAS work and meet with dozens of influential contacts, and have developed close working relationships at the highest levels with many organizations in addition to those mentioned above. Members and staff serve on important committees and act as advisors in the newly formed government, continually stressing issues that affect the private construction industry and striving to "educate" new officials or appointees on issues important to private entrepreneurs.

With guidance from PADCO and Steven Winter Associates, the PCCAS continues to reinforce the message that it supports a robust private sector construction industry. As such, it is focused on important legislative and government policy.

- The PCCAS is helping develop licensing standards and certification. It supports enforcement of the law requiring professional certification of construction contractors.*
- With the Ministry of Construction and Public Works, the PCCAS works to alter existing, unfair procurement practices and outdated laws while lobbying to create new policies and programs that provide all qualified construction contractors equal access to construction jobs in Slovakia and abroad.*
- With the Ministry of Privatization, the PCCAS influences reform of existing privatization laws and other laws affecting stock companies and ownership.*
- With the National Bank of Slovakia, the PCCAS meets regularly to discuss development and implementation of the new mortgage law now pending.*
- With the Ministry of the Economy, the PCCAS commented on new rules relating to privatization of national property and participated in a series of meetings representing the construction sector.*
- With the Housing Institute, the recognized experts in housing policy in Slovakia, the PCCAS met regularly for one year to discuss how policy decisions relating to location, unit size, and layout will affect developers who will have to secure financing for construction.*
- With the Slovak/American Enterprise fund, the Association is cooperating in the identification of problems in Slovak law and policy that preclude foreign investment in the housing sector, and lobbying to change such prohibitive policies.*

The PCCAS is also learning to capitalize on the media, using newspapers, magazines, and local and national television to call attention to policies and actions it wants to influence. Both its first and second annual meetings received TV coverage, and seven programs gave the Association a certain notoriety. Mr. Mataš joined the Minister of the Economy in a

roundtable discussion sponsored by an economic newspaper club. A recent letter to the press publicly criticized the government decision to retain panel-block housing factors as SOEs, protesting continued state subsidies by non-profitable housing producers. Numerous articles about and interviews of PCCAS members highlighting the association or the issues it wishes to spotlight have appeared in trade journals and newspapers.

All in all, the PCCAS appears to be well on the road to success. The Association already serves as a model for other trade associations in Slovakia. Its leadership, creativity, and experience have set new standards against which other such associations in Central and Eastern Europe can measure success.